

Message Text

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 9750

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UNCTAD 038

E.O. 11652: N/A

TAGS: EGEN, UNCTAD

SUBJECT: TEXT: PAUL H. BOEKER'S PRESS BRIEFING, MAY 10, 1976

1. AS REQUESTED, FOLLOWING IS TRANSCRIPT OF PAUL BOEKER'S
PRESS CONFERENCE, MONDAY, MAY 10TH:

2. BEGIN TEXT: THE MAIN THING I WANTED TO BE AVAILABLE TO DO WAS
TO ANSWER YOUR QUESTIONS ABOUT ANY PART OF SECRETARY KISSINGER'S
ADDRESS OR THE U.S. APPROACH TO THE TASK OF THIS CONFERENCE;
BUT LET ME JUST GIVE YOU A VERY BREIF OVERVIEW OF WHAT I THINK
THE U.S. CONCEPT WAS IN DEVELOPING THE ADDRESS THAT SECRETARY
KISSINGER MADE TO THIS CONFERENCE.

3. FIRST OF ALL, WE PUT GREAT STRESS ON THE POLITICAL AND
ECONOMIC BENEFITS OF THE CLOSER WORKING RELATIONSHIP BETWEEN
DEVELOPING AND DEVELOPED COUNTRIES WHICH MERGED FROM THE SEVENTH
SPECIAL SESSION OF THE GENERAL ASSEMBLY LAST FALL -- A SESSION IN
WHICH FOR THE FIRST TIME IN SOME SEVERAL SESSIONS OF LARGE,
MULTILATERAL CONFERENCES OF THAT KIND WITHIN THE UN, A CON-
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SENSUS RESOLUTION WAS REACHED BETWEEN DEVELOPED AND DEVELOPING
COUNTRIES EMBODYING A WORK PROGRAM OF NEGOTIATION AND COOPERATION

OVER SEVERAL YEARS TO COME. WE WERE VERY MINDFUL TO TRY TO PUT ANY SUGGESTIONS WE HAD WITHIN THE FRAMEWORK OF THE CONSENSUS PROGRAM OF THE UN SEVENTH SPECIAL SESSION, BUT, AT THE SAME TIME, TO TRY, WHEREVER WE COULD, TO ADVANCE WITHIN EACH SUBSTANTIVE AREA THAT IS OF INTEREST TO THIS CONFERENCE: INTERNATIONAL COMMODITIES, POLICIES AND NEGOTIATIONS; TRANSFER OF TECHNOLOGY; AND QUESTIONS OF FINANCING. I THINK THAT IT'S BEEN APPRECIATED THAT THE UNITED STATES, AT A REASONABLY DIFFICULT TIME FOR US, HAS MADE A MAXIMUM EFFORT TO TRY TO PUT FORWARD A NUMBER OF SUGGESTIONS THAT WOULD EXPAND THIS APPROACH, THAT WOULD CREATE AN ADDITIONAL, FULLER NEGOTIATING PROGRAM OVER COMING MONTHS IN THE PANOPLY OF INTERNATIONAL ORGANIZATIONS CONCERNED WITH DEVELOPMENT ISSUES. OUR OBJECTIVE WAS VERY MUCH TO WORK WITHIN THAT BROAD CONCEPT OF A NEGOTIATING PROGRAM FOR INDUSTRIAL AND DEVELOPING COUNTRIES, FOCUSED ON ALL ASPECTS OF DEVELOPMENT COOPERATION AND TO SEE WHAT WE COULD DO TO PUT SOME ADDITIONAL CONTENT INTO THAT.

4. THESE ARE TWO OTHER ELEMENTS OF OUR GENERAL APPROACH THAT I WANTED TO RE-EMPHASIZE, ALTHOUGH SECRETARY KISSINGER HAS DONE SO HIMSELF. FIRST OF ALL, THE SUGGESTIONS THAT SECRETARY KISSINGER HAS TO MAKE HERE, ON BEHALF OF PRESIDENT FORS, VERY MUCH REPRESENT THE MAXIMUM EFFORT ON BEHALF OF THE ENTIRE ADMINISTRATION. THEY ARE AN ADMINISTRATION PROGRAM FULLY WORKED OUT AMONG ALL AGENCIES OF THE U.S. GOVERNMENT IN THE MONTHS, WEEKS, DAYS, AND HOUR PRECEDING THE DELIVERY OF SECRETARY KISSINGER'S ADDRESS HERE. FINALLY, IN TWO AREAS IN PARTICULAR, COMMODITIES AND TRANSFER OF TECHNOLOGY, WHICH WE CONSIDER VERY IMPORTANT FOR THIS CONFERENCE, OUR EFFORT WAS TO TRY TO PUT FORWARD A COMPREHENSIVE APPROACH BOTH IN TERMS OF ANALYSIS OF A PROBLEM AND A PROGRAM OF WORK FOR DEALING WITH IT. I THINK OUR EFFORT IS TO TRY TO DEAL WITH THESE PROBLEMS IN THEIR ENTIRETY AND TRY TO SEE WHAT CAN BE DONE IN EVERY ASPECT OF THE COMMODITY POLICY PROBLEM INTERNATIONALLY, THE TRANSFER OF TECHNOLOGY PROBLEM INTERNATIONALLY. OUR SPECIFIC SUGGESTIONS WOULD, OF COURSE, BE CONSIDERED WITH EVERYONE ELSE'S, BUT WHAT WE'RE HOPING TO GAIN ATTENTION FOR WAS AN APPROACH OF CONSIDERABLE BREADTH AND SCOPE RATHER THAN HIGHLY SPECIFIC ELEMENTS OF THAT APPROACH. IN THE AREA OF
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COMMODITIES, I THINK THE U.S. APPROACH EMPHASIZES VERY STRONGLY THAT ALL MAJOR ASPECTS OF THE COMMODITY PROBLEM HAVE TO BE DEALT WITH: THE PROBLEM OF ADEQUATE RESOURCES FOR INVESTMENT IN PRODUCTION; THE PROBLEM OF COMMODITY NEGOTIATIONS -- STABILIZATION OF MARKETS, IF YOU WILL -- INCLUDING ALL THE ELEMENTS OF BUFFER STOCKS AND HOW YOU FINANCE THEM, THE PROBLEM OF LIBERALIZING ACCESS FOR DEVELOPING COUNTRIES' PRODUCTS TO THE MARKETS OF INDUSTRIAL COUNTRIES BOTH IN THE COMMODITY AREA AND PROCESSED MATERIALS; AND, STABILIZATION OF THE OVERALL EXPORT EARNINGS OF DEVELOPING COUNTRIES GIVEN

THE PARTICULAR IMPACT THESE FLUCTUATIONS HAVE ON DEVELOPMENT PROGRAMS. WITHIN THIS COMPREHENSIVE APPROACH, WE HAVE GIVEN PARTICULAR EMPHASIS TO THE PROBLEM OF FINANCING FOR PRODUCTION, AS WE IN THE U.S. CONSIDER THAT THIS IN AN ELEMENT OF A COMPREHENSIVE PROGRAM INTERNATIONALLY THAT HAS BEEN UNDER-EMPHASIZED, NEGLECTED, IF YOU WILL, BY OTHER. WITHIN THE FIELD OF FINANCING FOR INVESTMENT, WE HAVE MADE PROPOSALS BEFORE, INCLUDING A QUADRUPLING OF RESOURCES OF THE INTERNATIONAL FINANCE CORPORATION WORLD BANK TO ENABLE IT TO PLAY A LARGER ROLE IN THE INTERNATIONAL RESOURCE FIELD, AND PROPOSALS IN THE PAST THAT THE WORLD BANK ITSELF PLAY A MORE ACTIVE ROLE, PARTICULARLY IN THE MINERALS FIELD -- PERHAPS THE MAJOR FIELD OF ACTIVITY IN THE DEVELOPING COUNTRIES WHERE THE WORLD BANK HAS DONE VIRTUALLY NOTHING.

5. AT THIS CONFERENCE WE PUT FORWARD ANOTHER PROPOSAL WHICH WE FEEL WOULD ADDRESS THE UNFULFILLED REQUIREMENT IN THE AREA OF FINANCING FOR PRODUCTION OF RESOURCES. WE HAVE THE WORLD BANK, THAT'S HEAVY IN THE INFRASTRUCTURE FIELD AND AGRICULTURE; WE'VE GOT FUND FOR INTERNATIONAL AGRICULTURAL DEVELOPMENT UNDER NEGOTIATION; BUT WE HAVE NO INTERNATIONAL INSTITUTION THAT FOCUSES PARTICULARLY ON THE PROBLEMS OF ADEQUATE FINANCING FOR PRODUCTION OF ANOTHER CLASS

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TO SECSTATE WASHDC 9751

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OF NATURAL RESOURCE PRODUCTS IN DEVELOPING COUNTRIES, IN PARTICULAR, MINERALS AND ENERGY. IN PUTTING FORWARD A PROPOSAL FOR AN INTERNATIONAL RESOURCE BANK, THE EFFORT WAS TO, IN EFFECT, COMPLETE AN INTERNATIONAL SYSTEM WHICH ADDRESSES ALL ASPECTS OF THE FINANCING FOR PRODUCTION PROBLEM OF DEVELOPING COUNTRY MATERIALS. THAT IS THE CONTEXT IN WHICH WE PUT THAT PROPOSAL FORWARD; IT IS NOT ITSELF IN ANY WAY A PANACEA OR COMPLETE ANSWER TO THE PROBLEM, IT IS AN ELEMENT OF THE FINANCING PROBLEM WHICH IS ITSELF, WE FEEL, A NECESSARY AND ESSENTIAL PART OF A COMPREHENSIVE APPROACH TO INTERNATIONAL COMMODITIES. IT THINK WE WOULD VERY MUCH LIKE TO HAVE OUR SUGGESTIONS VIEWED AS PART OF A COMPREHENSIVE APPROACH WHICH COVERS NOT ONLY FINANCING, BUT COMMODITY NEGOTIATIONS AND CONSULTATIONS, ALL ASPECTS OF MARKET STABILIZATION, EXPORT-EARNINGS STABILIZATION, AND ACCESS TO MARKETS -- A COMPREHENSIVE APPROACH.

6. IN THE AREA OF TRANSFER OF TECHNOLOGY, I THINK OUR VIEW IS VERY MUCH THE SAME: WE HAVE TRIED TO IDENTIFY
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EACH ASPECT OF THE PROBLEM, THAT IS ALL IMPEDIMENTS IN THE WAY OF EFFECTIVE TRANSFER OF TECHNOLOGY FROM INDUSTRIAL TO DEVELOPING COUNTRIES. HAVING IDENTIFIED THESE AS BEST WE COULD (IN TERMS OF INADEQUATE RESEARCH AND DEVELOPMENT FOCUSED DEVELOPING COUNTRY NEEDS, INADEQUATE CAPABILITY, PARTICULARLY IN TERMS OF HUMAN RESOURCES, WITHIN DEVELOPING COUNTRIES TO MAKE FULL UTILIZATION OF TRANSFER OF TECHNOLOGY, INADEQUATE INFORMATION SYSTEMS OF TRANSFERRING OF - THE- SHELF TECHNOLOGY, INADEQUATE MECHANISMS OF ADAPTING EXISTING TECHNOLOGY MORE FULLY TO DEVELOPING COUNTRY NEEDS) WE TRY TO TO SUGGEST A POSSIBLE APPROACH OVER COMING YEARS, LOOKING TO THE U.N. CONFERENCE ON SCIENCE AND TECHNOLOGY THAT MIGHT HOPEFULLY BY THAT TIME PUT IN PLACE AN INTERNATIONAL SYSTEM WHICH COULD DEAL EFFECTIVELY WITH EACH ASPECT OF THE TECHNOLOGY TRANSFER PROBLEM.

7. THESE, I THINK, ARE THE MOST IMPORTANT EFFORTS THAT THE U.S. IS TRYING TO PROJECT IN THE STATEMENT THAT SECRETARY KISSINGER MADE, A TRY AT PROPOSING REASONABLY COHERENT AND COMPREHENSIVE APPROACHES TO THESE TO MAJOR ISSUES BEFORE THIS CONFERENCE. AND LET ME, AT THAT POINT, SEE WHAT UNANSWERED QUESTIONS REMAIN IN YOUR MINDS ON THE DETAILS OF IT.

8. Q. KISSINGER'S PROPOSAL FOR THE IRB -- HOW FAR DO YOU FEEL THAT THIS HAS DIVIDED THE STAND OF GROUP B COUNTRIES BY PRODUCING A NEW LEVEL?

9. A. DIVIDED THE GROUP B COUNTRIES? WELL, I DON'T THINK IT WILL DIVIDE THEM, THE GROUP B COUNTRIES, RECOGNIZING THAT THE GROUP B COUNTRIES DO HAVE DIFFERING INTERESTS. THERE ARE INDUSTRIAL COUNTRIES THAT ARE OVERWHELMINGLY EXPORTERS OF MINERAL AND ENERGY RESOURCES. AND THEY MAY HAVE A SLIGHTLY DIFFERENT VIEW OF AN INTERNATIONAL APPROACH THAT HAS, IN EFFECT, THE OBJECTIVE OF STRENGTHENING THE POSITION OF DEVELOPING COUNTRY PRODUCERS IN THOSE MARKETS THAT WOULD INDUSTRIAL COUNTRIES THAT ARE NET IMPORTERS OF THESE MATERIALS. THERE WILL BE, I THINK, SOME DIFFERENCE THERE IN THE WAY VARIOUS INDUSTRIAL
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COUNTRIES VIEW THEIR INTERESTS IN THIS PROPOSAL. APART FROM THAT, I AM NOT AWARE OF ANY SIGNIFICANT DIFFERENCES AMONG THE INDUSTRIAL COUNTRIES ON THIS PROPOSAL AS SUCH AND I DOUBT THAT IT WILL BE A DIVISIVE ONE SINCE, AS I SAID, IT'S AN ELEMENT OF AN APPROACH; IT'S NOT AN ENTIRE APPROACH. IT'S AN APPROACH THAT I THINK WE VERY MUCH WANT TO BE CONSIDERED ON ITS OWN MERITS, IN TERMS OF SOLVING THE PROBLEM OF ADEQUATE FINANCING FOR THE PRODUCTION OF RAW MATERIALS IN DEVELOPING COUNTRIES. I THINK OTHER INDUSTRIAL COUNTRIES WILL LOOK AT IT VERY MUCH IN THE SAME LIGHT.

10. Q. HOW DO YOU REACT, THEN, TO THE RESPONSE OF THE FRENCH TO THE PROPOSAL THAT WE ALREADY HAVE ENOUGH INTERNATIONAL INSTITUTIONS; HOW DO YOU REACT TO THAT?

11. A. WELL, IF I UNDERSTAND WHAT MINISTER FOURCADE SAID, HE QUESTIONED THE NEED FOR A NEW INSTITUTION AND SAID THAT, REALLY, WITH SOME VERY CONSTRUCTIVE MODIFICATIONS THE WORLD BANK OR THE WORLD BANK GROUP COULD MAYBE PERFORM THESE SAME FUNCTIONS. SECRETARY KISSINGER HAD SAID IN HIS STATEMENT THAT THE INTERNATIONAL RESOURCE BANK COULD BE ASSOCIATED WITH THE WORLD BANK GROUP IN SOME FORM TO BE WORKED OUT BY THE INTERESTED PARTICIPATING COUNTRIES: THAT IS, THOSE INTERESTED IN PURSUING THIS CONCEPT.

I DON'T SEE ANY FUNDAMENTAL DIFFERENCE BETWEEN MR. FOURCADE'S VIEWS ON PARTICULARLY CLOSE ASSOCIATION WITH THE WORLD BANK AND OUR OWN VIEW. WE'RE LOOKING MAINLY AT THE MECHANISM, NOT THE INSTITUTIONAL LOCUS, AND WE FEEL THAT THE WORLD BANK GROUP WOULD BE A LOGICAL PLACE TO PUT IT. BUT, CONSIDER THAT A QUESTION

THAT'S OPEN TO BE CONSIDERED BY COUNTRIES THAT ARE WILLING TO PURSUE THIS CONCEPT. THERE OBVIOUSLY IS A DIFFERENCE IN EMPHASIS BETWEEN WHAT HE HAS PUT FORWARD AND OUR CONCEPT, BUT I DON'T THINK THERE'S A FUNDAMENTAL CONFLICT THERE AT ALL.

12. Q. UNINTELLIGIBLE.

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13. A. CORRECT.

14. Q. THEREFORE I WAS SURPRISED THAT ONLY A FEW HOURS BEFORE KISSINGER'S SPEECH THERE WAS QUESTION ON AN ARTICLE IN THE UNITED STATES ABOUT YOUR PROPOSALS. IT WOULD SEEM TO ME THAT THESE SUDDEN PROPOSALS ARE AN ATTEMPT TO PUT SOMETHING NEW, COMPLETELY NEW, INTO THIS CONFERENCE TO FORCE THE DELEGATIONS TO STUDY FOR ANOTHER WEEK WHAT YOU PROPOSE AND TO DIVERT THE ENERGIES OF DEVELOPING COUNTRIES.

15. A. WELL, IS THAT JUST YOUR CONCLUSION, OR DO YOU WANT ME TO REACT TO THAT?

16. Q.() REACT

17. A. O.K., LET ME REACT TO THAT HYPOTHESIS. I DON'T THINK THE HYPOTHESIS REFLECTS THE WAY WE ACTUALLY PROCEEDED. WE HAVE BEEN WORKING ON ALL THE SUGGESTIONS IN SECRETARY KISSINGER'S SPEECH FOR MONTHS. NEEDLESS TO SAY, THE U.S. GOVERNMENT, LIKE ANY OTHER GOVERNMENT, HAS TO WORK THINGS OUT INTERNALLY SO THAT ALL MINISTRIES ARE FULLY ON BOARD, AND YOU GENERALLY DON'T TELL OTHER GOVERNMENTS YOU ARE GOING TO DO SOMETHING UNTIL YOU'RE SURE YOURSELF, AS A GOVERNMENT OF MANY MINISTRIES, THAT YOU WILL IN FACT DO THAT. THAT CONSTRAINT, I THINK, MEANS THAT WE WERE NOT ABLE TO CONSULT, UNTIL BASICALLY WITHIN THE LAST COUPLE OF WEEKS. WHAT HAS HAPPENED WITHIN THE LAST COUPLE OF WEEKS, I THINK, IS THAT WE HAVE MADE A SIGNIFICANT EFFORT TO FILL IN OTHER COUNTRIES IN ADVANCE ON THE BROAD OUTLINES OF OUR APPROACH, INCLUDING THE ELEMENT I GATHER YOU HAD PARTICULARLY IN MIND-- THE INTERNATIONAL RESOURCE BANK. THIS CONCEPT WAS DISCUSSED, IN GENERAL, WITH A LARGE NUMBER OF OTHER INDUSTRIAL COUNTRIES AND

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A SIGNIFICANT NUMBER OF DEVELOPING COUNTRIES THROUGH BILATERAL CONTACTS AT THE DIPLOMATIC LEVEL OVER THE THE LAST TWO WEEKS, SO THAT THEY WOULD HAVE SOME TIME TO REFLECT ON THE GENERAL CONCEPT BEFORE WE ALL ARRIVED HERE IN NAIROBI. WE PROCEEDED IN GENERAL THE SAME WAY WITH THE OTHER ELEMENTS OF SECRETARY KISSINGER'S ADDRESS. BECAUSE WE PROCEEDED IN THAT WAY, I THINK THERE WAS A SIGNIFICANT AMOUNT OF COVERAGE AND DISCUSSION OF THE RESOURCE BANK PROPOSAL IN THE PRESS OVER THE LAST TWO WEEKS, INCLUDING -- IF YOU COMPARE SOME OF THOSE ARTICLES TWO WEEKS AGO TO SECRETARY KISSINER'S SPEECH -- SOME VERY ACCURATE ARTICLES: I DOUBT, THEREFORE, THAT ANYONE WAS FULLY SURPRISED THAT THE RESOURCE BANK WAS AN ELEMENT OF THE U.S. APPROACH AT UNCTAD IV.

18. Q. HAVE YOU STARTED LOBBYING ACTIVELY FOR THIS PROPOSAL FOR THE BANK, OR ARE YOU WILLING TO COMPROMISE ON THE COMMON FUND IDEA?

19. A. WELL, FIRST OF ALL, THOSE ARE TWO DIFFERENT THINGS, THE PROPOSAL FOR A COMMON FUND AND SOMETHING CALLED THE INTERNATIONAL RESERCE BANK. THEY, IN TERMS OF CONTENT AND EMPHASIS, ADDRESS DIFFERENT THINGS. THE MAJOR EMPHASIS OF THE RESOURCE BANK IS
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FINANCING FOR PRODUCTION, THE COMMON FUND, AS WE UNDERSTAND IT, IS A PROPOSAL PRIMARILY TO FINANCE A SERIES OF COMMODITY ARRANGE-

MENTS, MARKET STABILIZATION ARRANGEMENTS. THE TWO ARE NOT NECESSARILY ANTITHETICAL, I DON'T THINK EITHER CAN BE OR IS INTENDED TO BE A SUBSTITUTE FOR THE OTHER. OUR APPROACH WILL BE TO VIEW THE TWO VERY MUCH ON THEIR OWN MERITS. NOW, AS FAR AS THE DETAILS OF THE RESOURCE BANK ARE CONCERNED, WE HAVE PUT FORWARD A GENERAL CONCEPT IN AS MUCH DETAIL AS WE THOUGHT WAS NECESSARY TO HELP OTHER COUNTRIES DECIDE WHETHER THIS CONCEPT WAS OF INTEREST TO THEM ON ITS MERITS AND WORTH PURSUING. I DON'T THINK WE WILL BE "LOBBYING" FOR IT, AND ALTHOUGH WE WOULD HAVE LOTS OF THOUGHTS FROM OUR OWN SIDE AS TO HOW THIS GENERAL OUTLINE MIGHT BE FILLED IN, I THINK THAT OUR PURPOSE IS RATHER TO ENGAGE OTHERS, IF THEY ARE INTERESTED, IN AN ELABORATION OF THIS CONCEPT ON A BASIS THAT'S AGREEABLE TO ALL INTERESTED COUNTRIES. IN THAT SENSE, I DON'T THINK WE WILL BE TRYING TO FILL IN A COMPLETE BLUEPRINT OF HOW THIS INSTITUTION CAN OR SHOULD OPERATE. WE HAVE A GREAT DEAL OF FLEXIBILITY IN THAT REGARD AND THINK THAT THAT SHOULD BE SETTLED IN THE PROCESS OF INTERNATIONAL NEGOTIATION.

20.Q. SECRETARY KISSINGER STATED THAT ON THE INTEGRATED COMMODITIES PROGRAM THERE ARE ASPECTS WHICH THE U.S. DELEGATION COULD GO ALONG WITH AND OTHER WITH WHICH YOU WOULD DISAGREE? COULD YOU HERE AT THIS TIME REVEAL WHAT ELEMENTS FALL IN EACH CATEGORY?

21.A. WELL, WE, I THINK, HAVE A QUITE WELL-DEVELOPED APPROACH TO THE PROBLEM OF EXPORT EARNINGS STABILIZATION. THE UNITED STATES ITSELF HAS MADE SOME VERY SIGNIFICANT PROPOSALS IN THAT REGARD, ONE OF WHICH -- THE LIBERALIZATION OF THE INTERNATIONAL MONETARY FUND'S FINANCING FOR EXPORT EARNING STABILIZATION -- HAS ALREADY BEEN IMPLEMENTED. I THINK, THEREFORE, THAT ELEMENTS OF THE UNCTAD SECRETARIAT APPROACH THAT ADDRESS THE PROBLEM OF EARNINGS STABILIZATION ARE SOMETHING WE WOULD GIVE VERY CAREFUL CONSIDERATION TO, WE ARE VERY SYMPATHETIC TO QUITE AMBITIOUS MEASURES IN THE FIELD OF EXPORT EARNINGS STABILIZATION. AS FAR AS A STRUCTURE FOR INTERNATIONAL COMMODITY NEGOTIATION AND CONSULTATION IS CONCERNED, AGAIN, I THINK WE ARE IN SYMPATHY WITH THE THRUST OF THE UNCTAD SECRETARIAT'S APPROACH THAT THERE SHOULD BE A BROAD SYSTEM OF COMMODITY GROUPS BRINGING

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TOGETHER CONSUMERS AND PRODUCERS OF AN ARRAY OF COMMODITIES TO SEE WHAT CAN BE WORKED OUT IN THE WAY OF COMMODITY ARRANGEMENTS AS SECRETARY KISSINGER INDICATED, WE ARE QUITE WILLING TO CONTEMPLATE A VERY PRECISE AND BUSINESSLIKE SCHEDULE FOR SUCH CONCERTED CONSIDERATION OF INDIVIDUAL COMMODITY MARKETS TO PROCEED IN THE PERIOD IMMEDIATELY AFTER THIS CONFERENCE. WE ARE ALSO SYMPATHETIC TO BUFFER STOCKS AS A MARKET STABILIZATION TECHNIQUE WHERE THAT CAN BE AGREED AND FOUND REASONABLE AMONG THE PRODUCERS AND CONSUMERS OF THE COMMODITY CONCERNED. SECRETARY KISSINGER'S

ADDRESS TRIED TO PUT FORWARD A CONSIDERABLY MORE ADVANCED POSITION OF THE U.S. ON THE FINANCING OF BUFFER STOCKS THAN YOU HAVE SEEN PREVIOUSLY. IT DOES NOT GO TO THE COMMON FUND MECHANISM OR APPROACH AS A FINANCER OF BUFFER STOCKS, AND THAT IS A SIGNIFICANT DIFFERENCE BETWEEN THE INTEGRATED APPROACH OF THE UNCTAD SECRETARIAT AND THE CONCEPT OF SECRETARY KISSINGER'S SPEECH. HOWEVER, THE POINT AT WHICH THESE TWO APPROACHES CONVERGE, I THINK, IS IN THAT SENTENCE IN THE SPEECH WHERE SECRETARY KISSINGER SAID QUITE CLEARLY THAT THE UNITED STATES IS INTERESTED IN DEVELOPING ADEQUATE MECHANISMS TO FINANCE BUFFER STOCKS AND THAT WE WOULD NOT WANT ANY BUFFER STOCK WORKED OUT BY CONSUMERS AND PRODUCERS THAT WE COULD SUPPORT, TO FAIL FOR LACK OF ADEQUATE FINANCE.

22. Q. COULD YOU SAY SPECIFICALLY WITH WHAT OTHER COUNTRY YOU CONSULTED ON KISSINGER'S PROPOSALS AND IN WHAT DETAIL? THE REASON I ASK IS THAT BOTH THE JAPANESE AND THE COMMON MARKET REPRESENTATIVES SAY THEY WERE NOT CONSULTED.

2. A. WELL, I CAN'T GIVE YOU A COMPLETE LIST, BUT BOTH THE JAPANESE AND THE EUROPEAN COMMUNITY WERE CONSULTED IN CONSIDERABLE DETAIL IN THE WEEKS PRIOR TO THE SPEECH, IN PARTICULAR ON THE RESOURCE BANK PROPOSAL. NOW, THAT DOESN'T MEAN THAT EVERY DETAILED CONCEPT THAT IS SPELLED OUT IN THE SPEECH WAS DISCUSSED WITH THEM, BECAUSE TWO WEEKS AGO WE DIDN'T HAVE ALL THAT WORKED OUT OURSELVES. BUT THE BASIC ELEMENTS OF THIS APPROACH WERE DISCUSSED AS THOROUGHLY AS WE POSSIBLY COULD WITH A VERY LARGE NUMBER OF COUNTRIES AND ORGANIZATIONS, INCLUDING THE TWO YOU MENTIONED.

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24. Q. (UNINTELLIGIBLE)

25. A. I'M NOT SURE I UNDERSTOOD WHO YOU'RE TALKING ABOUT WHEN YOU TALK ABOUT PROFITS AND TAKING TOO MUCH?

26. Q. (UNINTELLIGIBLE)

27. A. GOOD. OKAY. FOR THOSE OF YOU WHO DIDN'T HEAR IT, I THINK THE THRUST OF THE QUESTION IS BASICALLY, WHAT'S THE USE OF CREATING A NEW BANK WHEN WE'VE GOT LOTS OF BANKS ALREADY. A COUPLE OF ELEMENTS TO THAT. FIRST OF ALL, WE HAVE IN THE INTERNATIONAL SYSTEM NOW A NUMBER OF SPECIALIZED ARRANGEMENTS WHICH CONCENTRATE ON PARTICULAR ASPECTS OF THE DEVELOPMENT PROBLEM. WE HAVE A NUMBER OF INSTITUTIONS THAT CONCENTRATE VERY HEAVILY ON AGRICULTURAL RESOURCE DEVELOPMENT WITHIN THE DEVELOPING COUNTRIES. WE'VE GOT THE WORLD BANK WHICH CONCENTRATES VERY HEAVILY

ON DEVELOPMENT OF ADQUATE INFRASTRUCTURE WITHIN DEVELOPING COUNTRIES. I THINK OUR FEELING IS THAT THERE IS NOT, AT THE PRESENT TIME, AN INTERNATIONAL INSTITUTION THAT CONCENTRATES IN AN EFFECTIVE MANNER ON HELPING DEVELOPING COUNTRIES WHERE NECESSARY TO DEVELOP SOME OF THEIR OTHER NATURAL RESOURCE PRODUCTS, IN PARTICULAR MINERALS AND ENERGY. WE THINK THAT THERE ARE VERY DEFINITELY SPECIAL PROBLEMS AND REQUIREMENTS IN THIS FIELD THAT SHOULD BE ADDRESSED ON A SPECIALIZED BASIS, PINPOINTED TO THE PROBLEMS OF THESE SECTORS. WE HAVE VERY DEFINITELY FOUND THAT TO BE TRUE IN THE AGRICULTURAL FIELD, AND THEREFORE CREATED SPECIAL INSTITUTIONS AND MECHANISMS FOR THAT FIELD. WE THINK THE SAME APPROACH IS WARRANTED IN THE OTHER SIDE OF THE NATURAL RESOURCE AREA. SECOND, THE EXISTING INSTITUTIONS ARE VERY MUCH TIED TO PARTICULAR FORMS OF

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FINANCE OR ASSOCIATED WITH PARTICULAR FORMS OF PRIVATE INVESTMENT. THE WORLD BANK FOR ONE THING, AS I SAID, HAS DONE VIRTUALLY NOTHING IN THE MINERALS AND ENERGY FIELD FOR THE LAST DECADE AND A HALF. AND ITS FINANCING IS VERY MUCH TIED TO LENDING TO GOVERNMENTS. IT HAS CREATED, TO GET AROUND THAT, AN INSTITUTION -- THE INTERNATIONAL FINANCE CORPORATION -- WHICH CAN LEND TO PRIVATE

ENTERPRISES IN DEVELOPING COUNTRIES. BUT THE INTERNATIONAL FINANCE CORPORATION IS VERY MUCH STRUCTURED IN A WAY SO THAT ITS ASSOCIATION WITH A PROJECT IS ON A CLASSIC, EQUITY INVESTMENT BASIS. ONE OF THE PRESUMPTIONS, POINTS OF ANALYSIS, BEHIND THE RESOURCE BANK PROPOSAL IS THAT THE OLD FORM OF DEVELOPMENT OF MINERAL AND ENERGY RESOURCES IN DEVELOPING COUNTRIES IS NOT GOING TO WORK EVERYWHERE ANYMORE, THAT THE OLD DAYS OF OUTRIGHT CONCESSION AGREEMENTS AND MAJOR EQUITY INVESTMENTS IN RESOURCES OF DEVELOPING COUNTRIES MAY BE OVER IN MANY DEVELOPING COUNTRIES-THEREFORE, ONE NEEDS NEW FORMS OF ASSOCIATION OF THE MAJOR COMPANIES THAT HAVE THE REQUIRED TECHNOLOGY, MARKETING, AND MANAGEMENT TO DEVELOP MINERAL AND ENERGY RESOURCES -- NEW FORMS OF ASSOCIATION BETWEEN THEM AND DEVELOPING COUNTRIES THAT ARE FAR MORE FLEXIBLE. ONE OF THE FUNCTIONS OF THE RESOURCE

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BANK PROPOSAL IS TO TRY TO MELD, IN A LARGE NUMBER OF WAYS, THE ASPIRATIONS OF DEVELOPING COUNTRIES FOR GREATER CONTROL OVER THEIR OWN RESOURCES -- OWNERSHIP, IF YOU WILL -- AND THE REQUIREMENTS OF THOSE PRIVATE INTERESTS WHICH HAVE THE TECHNOLOGY, THE MARKETING, AND IN SOME CASES THE CAPITAL RESOURCES WHICH ARE NEEDED FOR DEVELOPING COUNTRIES TO REALIZE THESE ASPIRATIONS. THEREFORE, IT'S SET UP AS A FLEXIBLE MECHANISM THAT IN NO WAY TIES ITS GUARANTEES AND ASSOCIATION TO EQUITY INVESTMENT OR TO A PARTICULAR KIND OF CONCESSION ARRANGEMENT. IT IS RATHER STRUCTURED SO THAT IT COULD FACILITATE A LARGE NUMBER OF ARRANGEMENTS, INCLUDING ONES THAT ARE BUILT PRIMARILY ON MANAGEMENT CONTRACTS, TECHNOLOGY AGREEMENTS, LOAN FINANCE IN RETURN FOR PRODUCTION SHARING -- ALL OF WHICH COULD BE VERY FLEXIBLY BUILT AROUND A LARGE NUMBER OF OWNERSHIP AND CONTROL STRUCTURES. THERE COULD BE HEAVY INVOLVEMENT OF DEVELOPING COUNTRY INTERESTS, INCLUDING DEVELOPING COUNTRY GOVERNMENTS. WE THOUGHT THAT HERE YOU NEED A NEW MECHANISM THAT WOULD BE SET UP IN A WAY THAT IT COULD ENCOURAGE THESE NEW FORMS OF INVESTMENT, IN FACT, THE WAY WE PROPOSE IT, THE IRB WOULD NOT EVEN DEAL IN GUARANTEES OF EQUITY. THAT CAN BE DONE BY SOME EXISTING BILATERAL INSTITUTIONS, THE PRESUMPTION IS VERY MUCH TO WORK WITH NEW AND MORE FLEXIBLE FORMS OF BLENDING THE CAPABILITIES OF PRIVATE COMPANIES AND THE ASPIRATIONS OF DEVELOPING COUNTRIES.

2. Q. (YOU SEEM TO...) ONE OF THE PURPOSES IS TO ENSURE THAT THERE WILL BE ADEQUATE SUPPLIES IN THE FUTURE, WHICH IS LARGELY OF BENEFIT TO THE INDUSTRIALIZED COUNTRIES, BUT IT HASN'T REALLY ADDRESSED THE ISSUE ON THE AGENDA TO ENSURE OR MODERATE FLUCTUATIONS IN PRICES, WHICH IS REALLY THE KEY TO THE COMMODITY PROBLEM IN DEVELOPING COUNTRIES. AND I WONDER WHAT YOU THINK OF THE

COMPENSATORY FINANCE SCHEME WHICH IS PERHAPS NOT ADEQUATE TO TOTALLY ADDRESS THAT PROBLEM. AND MR. KISSINGER HAD INCLUDED IN THE IRB SOME ASPECT OF THIS, I DON'T QUITE UNDERSTAND HOW THIS WAS WORDED.

29. A. FIRST OF ALL, THE IRB AGAIN IS NOT MEANT TO BE A SUBSTITUTE FOR PRICE STABILIZATION ARRANGEMENTS WHERE THEY UNCLASSIFIED UNCLASSIFIED

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CAN BE WORKED OUT DIRECTLY. THE U.S. ATTITUDE ON COMMODITY NEGOTIATIONS IS PRESENTED ELSEWHERE IN THE SPEECH. THE RESOURCE BANK IS NOT A SUBSTITUTE FOR GOING STRAIGHT AT THE PROBLEM OF PRICE STABILIZATION THROUGH COMMODITY ARRANGEMENTS. THE EFFECTS OF THE RESOURCE BANK ON PRICE STABILIZATION, IF YOU SET IT UP ALONG THE LINES WE SUGGESTED, WOULD BE INDIRECT. THEY ARE BENEFICIAL, BUT THEY ARE NOT INTENDED, AND WOULD NOT BE, THE TOTAL ANSWER TO ANYONE'S CONCEPT OF PRICE STABILIZATION. THOSE INDIRECT EFFECTS COULD, NEVERTHELESS, BE QUITE SIGNIFICANT. ONE ELEMENT IS, THAT IN OUR VIEW, AN INHERENT AND RELENTLESSLY PERSISTING ELEMENT OF PRICE INSTABILITY IN THE MINERALS FIELD, IN PARTICULAR, IS THE UNEVEN DEVELOPMENT ON THE SUPPLY SIDE, PARTICULARLY IN DEVELOPING COUNTRIES. IT'S AN AREA WHERE THE LEAD TIMES BETWEEN INVESTMENT AND PRODUCTION ARE VERY LONG AND MASSIVE AMOUNTS OF MONEY ARE REQUIRED. UNLESS YOU HAVE A REASONABLY STABLE ENVIRONMENT FOR PRODUCTION ARRANGEMENTS TO PROCEED, YOU CAN COME UP AGAINST PERIODIC SUPPLY CRUNCHES, WHICH CAN BE VERY SEVERE AND LEAD, IN THEMSELVES, TO VOLATILE PRICE FLUCTUATIONS, TO CYCLES OF UNDER-INVESTMENT AND OVER-INVESTMENT. THEREFORE, IF YOU COULD INTRODUCE INTO THE MINERALS FIELD, IN PARTICULAR, A SERIES OF ARRANGEMENTS ENCOURAGING MORE STABLE DEVELOPMENT OF SUPPLY OVER COMING YEARS, IT COULD OVER TIME HAVE A VERY SIGNIFICANT EFFECT ON STABILITY OF PRICES.

30. SECOND, THE RESOURCE BANK HAS A NUMBER OF ELEMENTS OF FLEXIBILITY IN IT WHICH WOULD HELP DEAL WITH FLUCTUATIONS ON THE OTHER SIDE OF THE ECONOMIC EQUATION -- FLUCTUATIONS IN DEMAND. WE MENTIONED THIS COMMODITY FUTURE CONTRACT, WHICH IS IN EFFECT A KIND OF FUTURES CONTRACT WHICH COULD BE USED BY THE RESOURCE BANK. IT COULD BE USED BY OTHERS AS A TECHNIQUE FOR SORT OF LONGER-TERM SALES OF MATERIALS THAT WOULD ALLOW AN EXPORTING COUNTRY TO, IN EFFECT, ASSURE ITSELF OF A PARTICULAR PRICE OVER A NUMBER OF COMING YEARS FOR A PARTICULAR VOLUME OF ITS EXPORT PRODUCTION.

31. FINALLY, THE THIRD INDIRECT ELEMENT: WE INDICATED THAT WE, AT LEAST, WOULD BE WILLING, IF THE PRESENT UNCLASSIFIED

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SYSTEM OF MECHANISMS FOR FINANCING BUFFER STOCKS IS INADEQUATE, TO HAVE THE RESOURCE BANK PLAY A ROLE HERE, AND THE FUNCTION OF A BUFFER STOCK IS BASICALLY TO TRY TO HELP DAMPEN FLUCTUATIONS ON THE DEMAND SIDE AS THEY AFFECT PRICE.

32. SO IN THESE THREE WAYS THE RESOURCE BANK WOULD HAVE AN IMPACT ON PRICE STABILIZATION, BUT WE ARE NOT PRESENTING IT AS A COMPLETE ANSWER TO THAT PROBLEM -- IT DOES NOT SUBSTITUTE FOR DIRECT PRICE STABILIZATION ARRANGEMENTS ARRIVED AT THROUGH COMMODITY NEGOTIATIONS.

33. Q. ARE THERE ANY CIRCUMSTANCES AT ALL IN WHICH YOU COULD ENVISAGE A FUND TO FINANCE BUFFER STOCKS?

34. A. WELL, I THINK OUR VIEW IS THAT WHAT IS REQUIRED IS A MENU OF MECHANISMS FOR FINANCING BUFFER STOCKS, WHICH AT ANY TIME FOR ANY GIVEN COMMODITY IN ANY COMBINATION WOULD PROMISE ADEQUACY FOR FINANCING A BUFFER STOCK THAT IS AGREED BY THE PRODUCERS AND CONSUMERS OF COMMODITY X. THE MENU OF MECHANISMS THAT WE ARE WILLING TO SUPPORT IS FULLY ADEQUATE TO FINANCE ANY EXISTING OR FUTURE BUFFER STOCK ARRANGEMENT, AND I THINK THAT THE QUESTION OF WHETHER SOME KIND OF COMMON DFUND IS NEEDED IS VERY DEFINITELY ONE OF WHICH WE REMAIN TO BE CONVINCED.

35. Q. (UNINTELLIGIBLE)

36. A. WOULD HAVE ANOTHER WHAT ON THEM?

37. Q. (UNINTELLIGIBLE)

38. A. YOU MEAN THE SAME PEOPLE WOULD HAVE TO PAY THE BILL, IS THAT YOUR POINT? THAT'S TRUE. IF WE AGREED

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TO ESTABLISH AN INTERNATIONAL RESOURCE BANK, ROUGHLY THE SAME GROUP OF COUNTRIES THAT WOULD CONTRIBUTE TO THE WORLD BANK WOULD CONTRIBUTE TO THIS. AND THE JUSTIFICATION FOR IT IS NOT TO BE FOUND THERE, BUT WHETHER OR NOT A NEW MECHANISM, STRUCTURED QUITE DIFFERENTLY FROM THE WORLD BANK, AND WITH DIFFERENT FINANCING CAPABILITIES, COULD DO THE JOB BETTER.

39. Q. ISN'T THE IRB A VEHICLE FOR PERPETUATING THE DOMINATION OF FOREIGN MULTINATIONALS IN RE-SOURCE DEVELOPMENT.

40. A. WELL, FIRST OF ALL THE RESOURCE BANK WOULD NOT BE FINANCED BY PRIVATE INTERESTS, THE CONTRIBUTIONS TO SUPPORT ITS GUARANTEE OPERATION WOULD BE PUT UP BY GOVERNMENTS. THE QUESTION IS WHETHER OR NOT DEVELOPING COUNTRY GOVERNMENTS, LEFT TO THEMSELVES, WITHOUT A MECHANISM OF THIS KIND, CAN CONCLUDE ARRANGEMENTS WITH PRIVATE COMPANIES THAT MEET THEIR CONCERNS AND STILL ATTRACT THE MANAGEMENT, TECHNOLOGY AND UNCLASSIFIED UNCLASSIFIED

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CAPITAL RESOURCES THEY NEED. A DEVELOPING COUNTRY THAT FEELS THAT IT CAN, UNDER ALL CIRCUMSTANCES, DO THAT WITHOUT ANY HELP FROM AN INTERNATIONAL INSTITUTION DOES NOT NEED AN INTERNATIONAL RESOURCE BANK. OUR IMPRESSION, HOWEVER, WAS THAT THERE SEEMED TO BE A LARGE NUMBER OF CASES WHERE DEVELOPING COUNTRY GOVERNMENTS WISHED TO PROCEED WITH MAJOR NATURAL RESOURCE PROJECTS, WANT TO PUT THEM ON A NEW BASIS WHICH INVOLVES MORE CONTROL BY THEM AND A QUITE DIFFERENT FORM OF INVOLVEMENT FROM FOREIGN ENTERPRISES, AND THE TWO PARTIES HAVE BEEN

UNABLE TO MEET IN A WAY THAT GETS THE JOB DONE. THE RESOURCE BANK PROPOSAL IS MEANT TO PROVIDE A CATALYST FOR THAT KIND OF SITUATION, IT WOULD TRY TO FIND A FORM OF ASSOCIATION AND INVESTMENT THAT WOULD MEET THE ESSENTIAL REQUIREMENTS OF BOTH. IT WOULD OPERATE AS AN INTERGOVERNMENTAL INSTITUTION AND ITS POLICIES AND OPERATIONS WOULD REFLECT THE APPROACHES AND ASPIRATIONS OF THE GOVERNMENTS WHO OWN IT. I DON'T THINK THERE IS IN OUR CONCEPT THE NOTION THAT THIS INSTITUTION WOULD BE A CAPTIVE OF PRIVATE INTERESTS. THE INTENT IS TO SET UP AN INSTITUTION THAT CAN WORK EFFECTIVELY AS A CATALYST BETWEEN DEVELOPING COUNTRIES AND FOREIGN RESOURCES THAT THOSE DEVELOPING COUNTRIES SEEK TO ATTRACT BUT CAN'T QUITE CONCLUDE THE ARRANGEMENT ON THEIR OWN ON A BASIS THAT MEETS THEIR ASPIRATIONS AND STILL ASSURES THAT THE PRODUCTION OF THE PROJECT ITSELF GOES FORWARD.

41. Q. CAN WE FIND OUT FROM YOU WHAT YOU THINK IS AMERICA'S SELF INTEREST AND HOW DOES THIS PROPOSAL ADVANCE IT?

42. A. WELL THE MAJOR AMERICAN SELF-INTEREST INVOLVED HERE IS A PRODUCTIVE WORKING RELATIONSHIP BETWEEN INDUSTRIAL AND DEVELOPING COUNTRIES. I THINK THAT IS THE SELF-INTEREST AT THE BROADEST LEVEL THAT STANDS BEHIND THE VERY SUBSTANTIAL EFFORTS THAT SECRETARY KISSINGER AND THE U.S. ADMINISTRATION HAVE MADE OVER THE LAST YEAR TO TRY TO INITIATE AN ERA OF CONSTRUCTIVE NEGOTIATION BETWEEN DEVELOPING AND INDUSTRIAL COUNTRIES. WE VERY MUCH FEEL THE KIND OF WORLD IN WHICH THE AMERICAN PEOPLE AND AMERICAN POLICIES CAN BEST MEET THEIR PARTICULAR INTERESTS IS ONE WHERE THERE IS A PRODUCTIVE COOPERATION.
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TIVE RELATIONSHIP BETWEEN DEVELOPING AND INDUSTRIAL COUNTRIES. AT THE BROAD LEVEL THAT IS THE AMERICAN INTEREST THAT UNDERLIES THESE VARIOUS PROPOSALS. NEEDLESS TO SAY, WE HAVE AN INTEREST IN ACCESS TO SUPPLIES AND TRY TO SAY QUITE FRANKLY, THAT WE THINK SOME OF THESE PROPOSALS WOULD HELP IN THAT REGARD. BUT OUR MAJOR CONCERN IS NOT THAT SOMEHOW INDUSTRIAL COUNTRIES WILL NOT HAVE ADEQUATE SUPPLIES OF NATURAL RESOURCES MATERIALS. I THINK OUR CONCERN IS THAT THE WAY THINGS ARE GOING AN OVERWHELMING SHARE OF THESE RESOURCES WILL BE PRODUCED BY INVESTMENT IN INDUSTRIAL COUNTRIES. YOU MAY HAVE A DISTRIBUTION OF INVESTMENT AND PRODUCTION THAT WORKS CONTRARY TO THE INTEREST OF DEVELOPING COUNTRIES IN IMPROVING THEIR SHARE OF WORLD PRODUCTION AND TRADE IN THESE MATERIALS. OUR EFFORT, THEREFORE, IS NOT TO ASSURE THAT SOMEHOW ADEQUATE SUPPLIES ARE THERE, BECAUSE WE FEEL THEY WILL BE THERE. THE REAL QUESTION IS WHAT SHARE OF THEM WILL BE PRODUCED IN DEVELOPING COUNTRIES AND WHAT

SHARE WILL BE PRODUCED IN INDUSTRIAL COUNTRIES. TO THE EXTENT THAT THAT LATTER CALCULUS REFLECTS FACTORS OF INSTABILITY, IT COULD LEAD TO HIGHER COST PRODUCTION BEING DEVELOPED IN THE INDUSTRIAL WORLD, RATHER THAN MORE EFFICIENT PRODUCTION IN THE DEVELOPING WORLD. INDUSTRIAL COUNTRIES WOULD NOT BE DENIED THE MATERIAL THAT THEY NEED, BUT THEY WOULD END UP PAYING MORE FOR THEM THAN THEY OTHERWISE WOULD, AND THE DEVELOPING COUNTRIES WOULD FOREGO PRODUCTION, INCOME AND INTERNATIONAL TRADE.

43. Q. WE WOULD LIKE TO KNOW IF THE U.S. INSISTS UPON A DECISION ON THE IRB AS A NECESSARY PART OF THE COMMODITY PACKAGE THAT EMERGES FROM THIS CONFERENCE?

44. A. WELL, THE QUESTION IS BASICALLY WHETHER AS FAR AS THE U.S. IS CONCERNED, SOMETHING CALLED A RESOURCE BANK HAS TO BE CONCLUDED IN ANY OUTCOME OF THIS CONFERENCE ON COMMODITIES BEFORE THE REST OF IT WOULD BE AGREEABLE TO US. I THINK THE ANSWER TO THAT WOULD BE NO. WE ARE PUTTING FORWARD A PROPOSAL FOR A RESOURCE BANK BECAUSE WE THINK THAT FINANCING FOR THE PRODUCTION OF NATURAL RESOURCES HAS BEEN UNDER-EMPHASIZED AND NEEDS TO
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BE ADDRESSED PARTICULARLY IN THE MINERALS AND ENERGY FIELDS. WE WANT THE PROPOSAL TO BE CONSIDERED ON ITS OWN MERITS IF OTHERS FIND IT INTERESTING AND WANT TO PURSUE IT. IF THEY DON'T, WE WOULD REGRET THAT OUTCOME SINCE WE THINK THAT THE INTERESTS OF ALL PARTIES WOULD BE BETTER SERVED BY PURSUING THIS PROBLEM, BUT IT IS NOT SOMETHING THAT WE INSIST ON. IT IS IN EFFECT, A PROPOSAL AND OFFER THAT WE MAKE, AND SOMETHING TO BE CONSIDERED ON ITS MERITS. NOW, AS FAR AS THE RESULTS OF THIS CONFERENCE GO, I DON'T THINK THAT VERY MUCH OF OUR CONCEPT IS PUT FORWARD AS THINGS THAT SHOULD OR MUST BE INCLUDED IN THE FINAL DOCUMENTS OF THIS CONFERENCE. WE VERY MUCH SEE THE PROCESS OF DEVELOPMENT COOPERATION AS A CONTINUING ONE THAT GOES ON IN A PANOPLY OF INTERNATIONAL INSTITUTIONS. THIS IS AN IMPORTANT STEP IN THE POLITICAL DIALOGUE, IF YOU WILL, THE CATALYST TO TRY TO GET SOME NEW IDEAS ON THE TABLE AND ENRICH THE NEGOTIATING PROGRAM FOR COMING MONTHS, BUT WE WOULD NOT BE TAKING THE POSITION THAT THIS CONFERENCE MUST REACH A FINAL AGREEMENT ON ANY SPECIFIC ELEMENT OF THE PROPOSALS THAT WE HAVE PUT FORWARD. WE THINK THAT THIS CONFERENCE DOES PROVIDE A SIGNIFICANT OPPORTUNITY TO GIVE POLITICAL IMPULSE TO FOLLOW-UP WORK IN THE UNCTAD ORGANIZATION AND A LARGE NUMBER OF OTHER ORGANIZATIONS OVER THE COMING MONTHS THAT WILL BE PURSUING ALL OF THESE IDEAS.

45. Q. IS THERE A BIG FIGHT ABOUT THE U.S. OR SOME
OTHER INDUSTRIAL COUNTRY GETTING KEY COMMITTEE POSITIONS?

46. A. WELL, NO, MY DELEGATION IS NOT CAMPAIGNING FOR
ANY POSITIONS. WE COME HERE WITH A FAIRLY LEAN DELEGA-
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AND I'D LIKE TO KEEP THEM ALL WORKING FOR ME.
I DON'T KNOW EXACTLY WHY THE GROUPS THIS AFTERNOON WERE
POSTPONED, THERE DOES SEEM TO BE A PROBLEM OF WORKING
OUT THE TOTAL SET OF ARRANGEMENTS FOR THE OFFICERS
OF THE VARIOUS COMMITTEES - I GATHER THAT THAT IS
STILL TO BE SETTLED.

47. Q. HAS THE CONFERENCE BEEN POLARIZED?

4. A. NO, THIS IS AN ISSUE THE IMPORTANCE OF WHICH IS
DIFFICULT TO UNDERESTIMATE.

49. Q. MR. BOEKER, I WOULD LIKE TO ASK YOU ABOUT
DR. KISSINGER'S SUGGESTION THAT THE RESOURCES BANK
COULD BE USED TO FINANCE BUFFER STOCKS THROUGH COMMODITY

BONDS IF NECESSARY. CAN YOU ENVISAGE CIRCUMSTANCES UNDER WHICH THIS USE OF THE BANK WOULD BECOME A MAJOR PART OF THE BANK'S MAJOR RAISON D'ETRE AS FINANCING FOR PRODUCTION. WE WOULD BE QUITE WILLING TO SEE IT USED, AND THINK IT COULD READILY BE USED, FOR THIS OTHER PURPOSE AS WELL -- TO PROVIDE SORT OF A LAST RESORT FINANCE CAPABILITY FOR BUFFER STOCKS THAT WOULD ASSURE
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THAT IF AND WHEN ALL OTHER POSSIBILITIES FOR FINANCING BUFFER STOCKS PROVE INADEQUATE THAT THIS ONE COULD CERTAINLY DO THE JOB. THIS COULD COMPLETE THE KIND OF ASSURANCE THAT WE WERE TRYING TO PROJECT, THAT IS, WE WOULD NOT WISH ANY BUFFER STOCK WE ACCEPTED TO FAIL FOR LACK OF ADEQUATE FINANCING. AS TO HOW SIGNIFICANT THAT FUNCTION WILL BE DEPENDS ON HOW MANY BUFFER STOCKS CONSUMERS AND PRODUCERS NEGOTIATE OVER COMING YEARS.

51. Q. YOU SAID YOU'D LIKE TO SEE THE AMERICAN PROPOSAL VIEWED AS A PART OF A COMPREHENSIVE APPROACH -- DO YOU HAVE ANY SORT OF "SCOREBOARD" YET ABOUT HOW MANY DELEGATIONS ARE VIEWING IT AS A PART OF A COMPREHENSIVE APPROACH AND HOW MANY VIEW IT AS AN EITHER-OR ALTERNATIVE?

52. A. I FRANKLY DON'T KNOW OF ANY DELEGATION THAT SEES THIS AS AN EITHER-OR PROPOSAL TO THE INTEGRATED COMMODITY PROGRAM -- THAT'S CERTAINLY NOT OUR VIEW. IT'S PRESENTED AS WHAT WE THINK COULD BE A CONSTRUCTIVE ELEMENT OF ANYBODY'S COMMODITY PROGRAM IF IT IS TO ADEQUATELY ADDRESS THE ASPECT OF FINANCING FOR PRODUCTION IN DEVELOPING COUNTRIES.

53. Q. ON THE PROPOSAL FOR THE DAC COUNTRIES TO MOVE TO GRANTS FOR THE LEAST DEVELOPED. IT IS MY UNDERSTANDING THAT U.S. AID AT LEAST IS ALREADY PRIMARILY TOTAL GRANTS FOR THOSE COUNTRIES, WHAT I WOULD LIKE TO KNOW IS, WHY DIDN'T YOU MOVE FOR A SIGNIFICANT INCREASE IN VOLUME, AND MOVE TOWARD A 0.7 PERCENT TARGET FOR OFFICIAL AID?

54. WITH REGARD TO ASSISTANCE TO THE POORER DEVELOPING COUNTRIES OUR EFFORT WILL BE TO DO BOTH, TO INCREASE THE VOLUME OF OUR ASSISTANCE AND IMPROVE THE TERMS. IT IS NOT ACCURATE THAT ALL OUR ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES IS NOW ON A GRANT BASIS.

55. Q. IF YOU INCREASE THE AMOUNT TO VERY POOR COUNTRIES, AREN'T YOU JUST TAKING IT AWAY FROM THE LESS POOR, COUNTRIES?

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56. A. NOT NECESSARILY, NO. THE WAY OUR SYSTEM WORKS, THERE IS A SEPARATE ALLOCATION FOR GRANT ASSISTANCE. TO IMPLEMENT THE PROPOSAL THAT WE MADE HERE, WE WOULD HAVE TO GO TO OUR CONGRESS TO INCREASE THAT APPROPRIATION ALLOCATION FOR DEVELOPMENT GRANTS SO THAT THAT WOULD BE ADEQUATE TO COVER ALL OUR ASSISTANCE TO THE RELATIVELY LEAST DEVELOPED. AND THAT WOULD BE OF VERY SUBSTANTIAL BENEFIT TO SOME COUNTRIES, BANGLADESH FOR EXAMPLE. THAT IS NOT INTENDED TO SUBSTITUTE FOR INCREASES IN THE VOLUME OF ASSISTANCE. WE ARE TRYING TO INCREASE THAT LEVEL. BUT WE WILL NOT REACH THE 0.7 TARGET.

57. Q. ONE MORE POINT. COULD THOSE TYPES OF GRANTS BE USED FOR CAPITAL DEVELOPMENT PROJECTS?

58. A. YES.

59. Q. CAN YOU EXPLAIN RELATIVELY LEAST DEVELOPED?

60. A. IT IS A LIST OF COUNTRIES COMPILED BY THIS ORGANIZATION AND I AM SURE YOU CAN GET A COPY FROM THEM, AND RUN DOWN THE LIST OF WHAT THEY CONSIDER TO BE THE LEAST DEVELOPED COUNTRIES IN TERMS OF THE UNCTAD CRITERIA. THAT IS THE LIST THAT WE HAD IN MIND.

61. Q. BACK TO THE RESOURCES BANK -- TWO QUESTIONS -- EVEN BEFORE KISSINGER MADE HIS PROPOSAL HERE, JUDITH HART, A MEMBER OF PARLIAMENT, SAID THAT SHE WAS A LITTLE CONCERNED THAT THE RESOURCES BANK WOULD BE A LOBBYIST AND TOOL OF THE MULTINATIONAL CORPORATIONS -- THAT IT WOULD SERVE TO INCREASE THEIR PROFITS -- ANOTHER APPROACH TO A QUESTION THAT HAD BEEN ASKED EARLIER, SHE EXPRESSED THAT IDEAL. WHAT SAFEGUARDS DO YOU SEE AGAINST THIS HAPPENING?

62. SECOND, AS THE PROPOSAL WAS BEING DRAWN UP BY THE UNITED STATES DID YOU HAVE IN MIND ANY SPECIFIC RESOURCES OR COUNTRIES?

63. A. WELL, FIRST OF ALL I HOPE NOW THAT OUR PROPOSAL IS AVAILABLE IN SOME MORE DETAIL AND A FULLER CONCEPT THAT MRS. HART WOULD TAKE A FULLER LOOK

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AT IT AND SEE IF SHE CAN'T COME TO A DIFFERENT OPINION.

64. SECOND, WHAT SAFEGUARDS ARE THERE THAT THIS WOULD NOT IN EFFECT BE A TOOL OF MULTINATIONALS VIS-A-VIS

DEVELOPING COUNTRY GOVERNMENTS. WELL, SEVERAL OF THEM.
FIRST OF ALL WE WOULD VERY MUCH ANTICIPATE THAT DEVELOPING COUNTRIES THEMSELVES WOULD BE STRONG PARTICIPANTS IN THE RESOURCE BANK. SECOND, THE RESOURCE BANK WOULD IN EFFECT NOT LOBBY FOR ANYTHING IN PARTICULAR, IT WOULD BE AVAILABLE TO FACILITATE ARRANGEMENTS THAT DEVELOPING COUNTRIES FOUND IN THEIR INTEREST. THIRD, SUCH GUARANTEES OF ARRANGEMENTS AS THIS INSTITUTION WOULD PROVIDE WOULD GO NOT ONLY TO PERFORMANCE OF THE DEVELOPING COUNTRY PARTY BUT ALSO TO THE PERFORMANCE OF THE FOREIGN INVESTORS.
IN THE CONCEPT THAT WE HAVE IN MIND YOU COULD INCLUDE SOME SURITY TO DEVELOPING COUNTRIES THEMSELVES REGARDING ACTUAL PERFORMANCE ON TECHNOLOGY AGREEMENTS, MANAGEMENT CONTRACTS, ETC. IT IS NOT A GUARANTEE PROVIDED TO A FOREIGN INVESTOR EXCLUSIVELY, IT IS A GUARANTEE OF AN OVERALL ARRANGEMENT WHICH HAS BEEN NEGOTIATED BETWEEN DEVELOPING COUNTRIES AND FOREIGN INTERESTS, TO WHICH THE RESOURCE BANK WOULD BECOME A PARTY. I THINK IN OUR OWN MIND WE DON'T SEE IN WHAT WAY THIS STRENGTHENS THE POSITION OF A MULTINATIONAL COMPANY. PART OF THE CONCEPT IS THAT SUCH ARRANGEMENTS

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WOULD BE MORE DURABLE OVER THE YEARS AND THEREFORE INVOLVE A SIGNIFICANT LONG-TERM BENEFIT TO BOTH PARTIES, INCLUDING THE FOREIGN INVESTOR. NORMALLY THE RESULT OF ANY KIND OF GUARANTEE OPERATION FINANCIALLY IS TO REDUCE THE RETURN, THE PROFIT, THAT THE INVESTOR ASPIRES FOR BECAUSE OF THE GREATER ASSURANCE THAT HE WILL GET OVER TIME WHATEVER RETURN IS BUILT INTO THE ARRANGEMENT.

65. Q. IT SEEMS TO ME THAT THE THRUST OF THE U.S. POSITION IS TO MAINTAIN A STATUS QUO AND TO STRENGTHEN THE U.S. POSITION OF MULTINATIONAL CORPORATIONS

66. A. WELL, THAT AGAIN IS A CONCLUSION, OBVIOUSLY NOT MY CONCLUSION. THAT IS NOT THE HYPOTHESIS ON WHICH WE PROCEED. WE VERY CLEARLY FEEL THAT PRIVATE ENTERPRISE, BOTH INDIGENOUS IN DEVELOPING COUNTRIES AND PRIVATE ENTERPRISE FROM INDUSTRIAL COUNTRIES, HAS A GREAT DEAL TO OFFER TO THE DEVELOPMENT PROCESS. BUT OUR APPROACH IS NOT TO SELL OR PRESS ANYTHING IN
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THIS AREA, BUT TO TRY TO CONSTRUCT AN INTERNATIONAL SYSTEM IN WHICH THOSE PRIVATE RESOURCES WHICH A DEVELOPING COUNTRY SEEKS AND FINDS SERVICE ITS INTERESTS ARE AVAILABLE ON REASONABLE TERMS. WE ARE NOT HAWKING OR SELLING ANYTHING IN THIS AREA, THE SAME IS TRUE OF THE TECHNOLOGY FIELD WHERE REALLY YOU FIND THAT PRIVATE ENTERPRISE, PRIVATE INVESTMENT, IS ONE OF THE CRUCIAL ELEMENTS OF OUR APPROACH TO TECHNOLOGY PROBLEMS. I THINK YOU WILL FIND IN THAT PART OF SECRETARY KISSINGER'S SPEECH VERY SIGNIFICANT PROPOSALS DIRECTED AT INCREASING THE CAPABILITY OF DEVELOPING COUNTRIES TO ACQUIRE, ADAPT AND ABSORB TECHNOLOGY FROM INDUSTRIAL COUNTRIES, WHETHER WITHIN OR WITHOUT THE INVESTMENT PROCESS.

67. Q. MR. BOEKER, THE 77 AT UNCTAD INTEND TO PICTURE THIS MEETING AS A MAKE-OR-BREAK SESSION WHICH IN PRACTICE HAS NOT ACHEIVED SOME OF THE ISSUES THAT BOTHER EVERYBODY, AND WE WILL START SLIPPING BACKWARDS. WILL THE US SHARE THIS VIEW?

68. A. WE VERY MUCH HOPE THAT THAT WILL NOT BE THE OUTCOME. I THINK THE US IN PARTICULAR, BUT OTHER INDUSTRIAL COUNTRIES AS WELL, HAS MADE A VERY CONSIDERABLE EFFORT AT THE SEVENTH SPECIAL SESSION IN NEW YORK AND SUBSEQUENTLY TO TRY TO ESTABLISH THAT AN ERA OF CONSTRUCTIVE NEGOTIATION OF ARRANGEMENTS FOR

DEVELOPMENT COOPERATION WORKS. IF YOU LOOK AT THE RECORD SINCE SEPTEMBER OF 1975, IT IS A GOOD ONE. WE SAID IN THE CONSENSUS RESOLUTION OF THE SEVENTH SPECIAL SESSION THAT WE SHOULD LIBERALIZE THE FACILITY OF THE INTERNATIONAL MONETARY FUND FOR EXPORT EARNINGS STABILIZATION. A VERY SHORT NUMBER OF MONTHS LATER, THAT WAS DONE. THAT COMMITMENT WAS PUT IN PLACE. AS DR. KISSINGER POINTED OUT, THAT FACILITY HAS ALREADY PROVIDED \$800 MILLION OF FINANCING TO DEVELOPING COUNTRIES, IN THE FIRST FOUR MONTHS OF THIS YEAR. IF THAT RATE CONTINUES IT WILL PROVIDE MORE THIS YEAR THAN IT PROVIDED IN THE PREVIOUS 12 YEARS OF ITS OPERATION. WE SAID WE WOULD QUADRUPLE THE RESOURCES OF THE INTERNATIONAL FINANCE CORPORATION AND THAT HAS NOW BEEN UNCLASSIFIED UNCLASSIFIED

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AGREED IN THE BOARD OF THE IFC. IN THE CONSENSUS RESOLUTION IT WAS SAID WE WOULD TRY TO INCREASE THE RESOURCES OF THE WORLD BANK AND THAT HAS NOW BEEN AGREED AT THE BOARD. WE SAID WE WOULD TRY TO ESTABLISH AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT--THAT IS VIRTUALLY IN PLACE, IF OTHER COUNTRIES COME UP WITH THEIR CONTRIBUTIONS. YOU HAVE A RECORD HERE IN WHICH WHAT WAS AGREED TO BE DONE IS BEING RATHER EXPEDITIOUSLY DONE AND PUT IN PLACE. OUR EFFORT HERE IS TO TRY TO SHOW THAT THIS NEGOTIATING PROGRAM CAN BE EXTENDED FURTHER. THAT THERE ARE SOME THINGS THAT CAN BE ADDED TO IT AND SOME FURTHER PROGRESS THAT CAN BE MADE IN EVERY ONE OF THE MAJOR AREAS OF THIS CONFERENCE. I WOULD HOPE THAT THE SUGGESTIONS, PROPOSALS THAT WE HAVE MADE WOULD BE FOUND OF INTEREST AND IF SO WE CAN COME AGAIN TO A CONSENSUS--THAT ONCE AGAIN WE WOULD FIND IN SUCCEEDING MONTHS THAT WHATEVER INSTITUTION IS COMPETENT FOR THESE THINGS WOULD GET THEM DONE AND THE RESULT WOULD BE ONE OF SUBSTANTIAL BENEFIT TO DEVELOPING COUNTRIES. THAT'S WHY WE ARE HERE AND THAT IS VERY MUCH THE RESULT WE HOPE FOR. I AM AFRAID I AM ABOUT OUT OF TIME.

69. PERSON: WHY DON'T YOU ASK ONE MORE QUESTION?

70. BOEKER: ONE MORE QUESTION.

71. Q. INAUDIBLE.

72. BOEKER WELL, THE QUESTION IS, MIGHT WE AWAIT ANOTHER OPPORTUNITY OTHER THAN THIS UNCTAD CONFERENCE TO DISCUSS AND GET DONE OUR RESOURCE BANK APPROACH.

73. A. WELL, I THINK OUR APPROACH IS VERY MUCH THAT WE ARE PUTTING FORWARD THE PROGRAM OF THINGS THAT

WE THINK WOULD BE USEFUL TO CONSIDER OVER THE COMING MONTHS AND YEARS. WE THINK THAT IF THIS CONFERENCE IS TO REACH SOME KIND OF OUTCOME ON A COMPREHENSIVE, INTEGRATED OR WHATEVER APPROACH TO COMMODITIES THAT SEEMS TO BE A REASONABLE ONE, A FULL ONE, IT SHOULD INCLUDE THIS ASPECT OF IT--FINANCING FOR INVESTMENT.

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WE WOULD HOPE THAT IF FINANCING IS AN AGREED ELEMENT OF A GLOBAL OR COMPREHENSIVE APPROACH TO COMMODITIES, CONSIDERATION WOULD BE GIVEN TO THE RESOURCE BANK SUGGESTION THAT WE HAVE MADE . IT COULD BE VERY RELEVANT TO THE WORK OF THIS CONFERENCE AND I WOULD HOPE THAT AS A RESULT OF THE FINAL OUTCOME OF THIS CONFERENCE SERIOUS CONSIDERATION OF THIS PROPOSAL COULD BE SET IN TRAIN IN THE APPROPRIATE INTERNATIONAL FRAMEWORK, AND GENERAL INTEREST AND ENDORSEMENT OF THIS CONCEPT EXPRESSED ON THE PART OF THE GOVERNMENTS HERE WHO SAY THAT THEY ARE VITALLY INTERESTED IN DEVELOPING A COMPREHENSIVE AND FULL APPROACH TO INTERNATIONAL COMMODITIES PROBLEMS. BUT AS I SAID EARLIER, WE ARE NOT INSISTING ON ANYTHING HERE. WE ARE OFFERING THIS SUGGESTION, WE ARE WILLING TO SUPPORT IT, INCLUDING FINANCIALLY, AND IF OTHERS FIND THIS OF INTEREST ON ITS OWN MERITS WE WOULD HOPE THAT IT WOULD BE PURSUED HERE OR ELSEWHERE. THANK YOU.

MARSHALL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NAIROB04974
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760189-0930
From: NAIROBI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760550/aaaabqky.tel
Line Count: 1225
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 23
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2004 by wolfsd>; APPROVED <24 JAN 2005 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXT: PAUL H. BOEKER'S PRESS BRIEFING, MAY 10, 1976
TAGS: EGEN, SOPN, KE, UNCTAD, (BOEKER, PAUL H)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006